



IN THE CASE OF

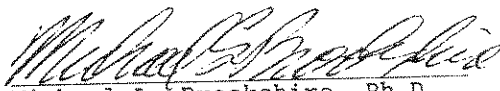
CHRISTOPHER WALLACE

ANALYSIS OF
PRESENT VALUE OF LOST EARNING CAPACITY

CERTIFICATION

We hereby certify that we have no interest, present or contemplated, in the above matter and that neither the employment to make the appraisal nor the compensation are contingent on the amount of the appraisal.

We certify that according to our belief and knowledge, all statements and information in the report are true and correct, subject to the underlying assumptions. We further certify that we adhere to the tenets of ethical behavior outlined in the National Association of Forensic Economics "Statement of Ethical Principles."


Michael L. Brookshire, Ph.D.
Forensic Economist
April 28, 2000

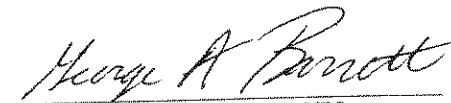

George A. Barrett, MBA
Forensic Economist
April 28, 2000

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This analysis of lost earning capacity is based upon the statistics in Tables 1-37 and upon the following facts and assumptions.

1. Christopher Wallace was a white male who was born on July 24, 1962 and who died on April 17, 1999. Mr. Wallace was a high school graduate.

2. At the time of his death, Mr. Wallace was employed by G.E. Engine Services as a manufacturing machinist. His lost earning capacity is based upon his 1997 earnings, or \$46,810 in 1997 dollars.

3. Employer contributions to fringe benefits, such as social security, pension, and health and welfare plans, range from 27.34 to 29.24 percent of wages. These percentages are based upon actual employer contributions and national statistics from an annual survey by the U. S. Chamber of Commerce.

4. The impact of inflation on wages and on interest rates is offsetting; the present value of lost earning capacity can be found by computing "real" increases in wages and by discounting to present value using the "real" rate of interest. The net discount rate for these calculations is 2.22 percent annually (see Appendix I).

5. "Earning capacity with work-life adjustments" can be found either by computing the earning capacity each year and ending estimates at "work-life" expectancy or by reducing the earning capacity estimate for each year by a factor that considers life expectancy rates (L), work-force participation

rates (P), and employment rates (E). In this analysis the latter has been emphasized, and therefore cumulative loss columns in calculation tables become irrelevant. Losses are projected through life expectancy, but U. S. government data are already being used at every age to reduce for probabilities of death, retirement, disability, and unemployment.

6. Personal maintenance expenditures of Mr. Wallace are based upon 1997 U. S. Department of Labor Consumer Expenditure Survey data for poverty maintenance-level expenditures.

7. Personal consumption expenditures of Mr. Wallace are based upon 1997 U. S. Department of Labor Consumer Expenditure Survey data for consumption-level expenditures.

Based upon these facts and assumptions, the present value of lost earning capacity with continuous employment and personal maintenance deductions is \$1,598,708 (Table 9). The present value of lost earning capacity with continuous employment and personal consumption deductions is \$694,556 (Table 18).

The present value of lost earning capacity with adjustments for work-life expectancy and personal maintenance deductions is \$1,020,960 (Table 27). The present value of lost earning capacity with adjustments for work-life expectancy and personal consumption deductions is \$453,323 (Table 36).

These projections are summarized in Table 37.

TABLE 9

SUMMARY OF THE PRESENT VALUE OF LOST EARNING CAPACITY
WITH CONTINUOUS EMPLOYMENT
1999 - 2038

YEAR ****	AGE ***	WAGES *****	FRINGE BENEFITS *****	PERSONAL MAINTENANCE *****	TOTAL *****	CUMULATIVE *****
1999	37	\$33,123	\$9,056	-\$5,917	\$36,262	\$36,262
2000	38	53,328	14,580	-8,623	59,285	95,547
2001	39	52,176	14,265	-8,437	58,004	153,551
2002	40	51,050	13,957	-8,255	56,752	210,303
2003	41	49,947	13,656	-8,077	55,526	265,829
2004	42	48,869	13,361	-7,903	54,327	320,156
2005	43	47,813	13,072	-7,732	53,153	373,309
2006	44	46,781	12,790	-7,565	52,006	425,315
2007	45	45,771	12,513	-7,402	50,882	476,197
2008	46	44,782	12,243	-7,242	49,783	525,980
2009	47	43,816	11,980	-7,086	48,710	574,690
2010	48	42,870	11,721	-6,933	47,658	622,348
2011	49	41,945	11,468	-6,784	46,629	668,977
2012	50	41,039	11,220	-6,637	45,622	714,599
2013	51	40,153	10,978	-6,494	44,637	759,236
2014	52	39,286	10,741	-6,354	43,673	802,909
2015	53	38,438	10,509	-6,216	42,731	845,640
2016	54	37,608	10,282	-6,083	41,807	887,447
2017	55	36,797	10,061	-5,951	40,907	928,354
2018	56	36,002	9,843	-5,822	40,023	968,377
2019	57	35,225	9,630	-5,697	39,158	1,007,535
2020	58	34,464	9,422	-5,574	38,312	1,045,847
2021	59	33,720	9,219	-5,453	37,486	1,083,333
2022	60	32,993	9,020	-5,336	36,677	1,120,010
2023	61	32,280	8,825	-5,220	35,885	1,155,895
2024	62	31,583	8,635	-5,108	35,110	1,191,005
2025	63	30,901	8,448	-4,998	34,351	1,225,356
2026	64	30,234	8,266	-4,890	33,610	1,258,966
2027	65	29,581	8,087	-4,784	32,884	1,291,850
2028	66	28,943	7,913	-4,681	32,175	1,324,025
2029	67	28,318	7,742	-4,580	31,480	1,355,505
2030	68	27,707	7,575	-4,481	30,801	1,386,306
2031	69	27,108	7,411	-4,384	30,135	1,416,441
2032	70	26,523	7,252	-4,290	29,485	1,445,926
2033	71	25,951	7,095	-4,197	28,849	1,474,775
2034	72	25,390	6,942	-4,107	28,225	1,503,000
2035	73	24,843	6,792	-4,018	27,617	1,530,617
2036	74	24,306	6,645	-3,931	27,020	1,557,637
2037	75	23,781	6,502	-3,846	26,437	1,584,074
2038	76	13,164	3,599	-2,129	14,634	\$1,598,708
C. WALLACE		\$1,438,609	\$393,316	-\$233,217	\$1,598,708	

TABLE 18

SUMMARY OF THE PRESENT VALUE OF LOST EARNING CAPACITY
WITH CONTINUOUS EMPLOYMENT
1999 - 2038

YEAR	AGE	WAGES	FRINGE BENEFITS	PERSONAL CONSUMPTION	TOTAL	CUMULATIVE
****	***	*****	*****	*****	*****	*****
1999	37	\$33,123	\$9,056	-\$26,187	\$15,992	\$15,992
2000	38	53,328	14,580	-42,161	25,747	41,739
2001	39	52,176	14,265	-41,251	25,190	66,929
2002	40	51,050	13,957	-40,360	24,647	91,576
2003	41	49,947	13,656	-39,489	24,114	115,690
2004	42	48,869	13,361	-38,635	23,595	139,285
2005	43	47,813	13,072	-37,802	23,083	162,368
2006	44	46,781	12,790	-36,986	22,585	184,953
2007	45	45,771	12,513	-36,186	22,098	207,051
2008	46	44,782	12,243	-35,405	21,620	228,671
2009	47	43,816	11,980	-34,641	21,155	249,826
2010	48	42,870	11,721	-33,893	20,698	270,524
2011	49	41,945	11,468	-33,162	20,251	290,775
2012	50	41,039	11,220	-32,446	19,813	310,588
2013	51	40,153	10,978	-31,745	19,386	329,974
2014	52	39,286	10,741	-31,060	18,967	348,941
2015	53	38,438	10,509	-30,389	18,558	367,499
2016	54	37,608	10,282	-29,733	18,157	385,656
2017	55	36,797	10,061	-29,091	17,767	403,423
2018	56	36,002	9,843	-28,464	17,381	420,804
2019	57	35,225	9,630	-27,849	17,006	437,810
2020	58	34,464	9,422	-27,247	16,639	454,449
2021	59	33,720	9,219	-26,659	16,280	470,729
2022	60	32,993	9,020	-26,084	15,929	486,658
2023	61	32,280	8,825	-25,521	15,584	502,242
2024	62	31,583	8,635	-24,970	15,248	517,490
2025	63	30,901	8,448	-24,431	14,918	532,408
2026	64	30,234	8,266	-23,903	14,597	547,005
2027	65	29,581	8,087	-23,387	14,281	561,286
2028	66	28,943	7,913	-22,882	13,974	575,260
2029	67	28,318	7,742	-22,388	13,672	588,932
2030	68	27,707	7,575	-21,905	13,377	602,309
2031	69	27,108	7,411	-21,432	13,087	615,396
2032	70	26,523	7,252	-20,969	12,806	628,202
2033	71	25,951	7,095	-20,517	12,529	640,731
2034	72	25,390	6,942	-20,073	12,259	652,990
2035	73	24,843	6,792	-19,641	11,994	664,984
2036	74	24,306	6,645	-19,216	11,735	676,719
2037	75	23,781	6,502	-18,802	11,481	688,200
2038	76	13,164	3,599	-10,407	6,356	\$694,556
C. WALLACE		\$1,438,609	\$393,316	-\$1,137,369	\$694,556	

TABLE 27

SUMMARY OF THE PRESENT VALUE OF LOST EARNING CAPACITY
WITH WORK-LIFE ADJUSTMENTS
1999 - 2038

YEAR	AGE	WAGES	FRINGE BENEFITS	PERSONAL MAINTENANCE	TOTAL	CUMULATIVE
*****	***	*****	*****	*****	*****	*****
				-\$5,181	\$32,301	\$32,301
1999	37	\$29,002	\$8,480	-7,534	52,689	84,990
2000	38	46,598	13,625	-7,354	51,420	136,410
2001	39	45,477	13,297	-7,176	50,178	186,588
2002	40	44,378	12,976	-7,001	48,953	235,541
2003	41	43,294	12,660	-6,831	47,757	283,298
2004	42	42,237	12,351	-6,663	46,584	329,882
2005	43	41,200	12,047	-6,498	45,431	375,313
2006	44	40,180	11,749	-6,218	43,473	418,786
2007	45	38,448	11,243	-5,914	41,348	460,134
2008	46	36,569	10,693	-5,764	40,303	500,437
2009	47	35,644	10,423	-5,617	39,272	539,709
2010	48	34,733	10,156	-5,473	38,257	577,966
2011	49	33,837	9,893	-5,329	37,256	615,222
2012	50	32,950	9,635	-5,187	36,261	651,483
2013	51	32,070	9,378	-5,046	35,278	686,761
2014	52	31,201	9,123	-4,906	34,304	721,065
2015	53	30,339	8,871	-4,769	33,338	754,403
2016	54	29,485	8,622	-4,151	29,019	783,422
2017	55	25,666	7,504	-3,436	24,025	807,447
2018	56	21,248	6,213	-3,333	23,300	830,747
2019	57	20,607	6,026	-3,230	22,582	853,329
2020	58	19,972	5,840	-3,127	21,866	875,195
2021	59	19,338	5,655	-3,025	21,148	896,343
2022	60	18,704	5,469	-2,923	20,436	916,779
2023	61	18,074	5,285	-2,822	19,725	936,504
2024	62	17,446	5,101	-2,721	19,025	955,529
2025	63	16,826	4,920	-2,621	18,323	973,852
2026	64	16,205	4,739	-1,684	11,773	985,625
2027	65	10,413	3,044	-585	4,087	989,712
2028	66	3,615	1,057	-561	3,922	993,634
2029	67	3,469	1,014	-538	3,763	997,397
2030	68	3,328	973	-516	3,604	1,001,001
2031	69	3,188	932	-493	3,449	1,004,450
2032	70	3,050	892	-471	3,295	1,007,745
2033	71	2,914	852	-450	3,147	1,010,892
2034	72	2,783	814	-430	3,003	1,013,895
2035	73	2,656	777	-409	2,861	1,016,756
2036	74	2,530	740	-389	2,722	1,019,478
2037	75	2,407	704	-212	1,482	\$1,020,960
2038	76	1,311	383			
C. WALLACE		\$903,392	\$264,156	-\$146,588	\$1,020,960	

TABLE 36

SUMMARY OF THE PRESENT VALUE OF LOST EARNING CAPACITY
WITH WORK-LIFE ADJUSTMENTS
1999 - 2038

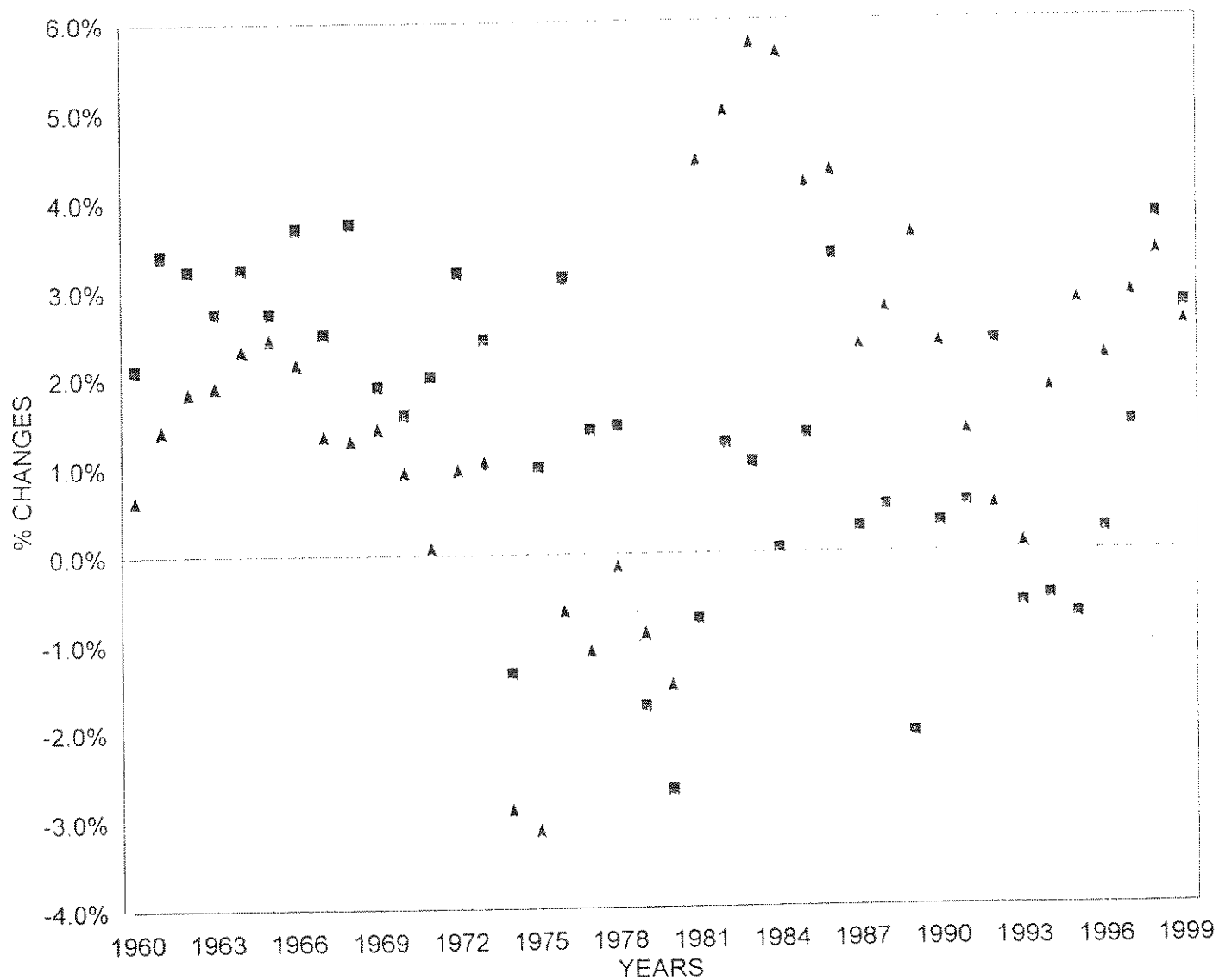
YEAR	AGE	WAGES	FRINGE BENEFITS	PERSONAL CONSUMPTION	TOTAL	CUMULATIVE
****	***	*****	*****	*****	*****	*****
1999	37	\$29,002	\$8,480	-\$22,929	\$14,553	\$14,553
2000	38	46,598	13,625	-36,840	23,383	37,936
2001	39	45,477	13,297	-35,954	22,820	60,756
2002	40	44,378	12,976	-35,085	22,269	83,025
2003	41	43,294	12,660	-34,229	21,725	104,750
2004	42	42,237	12,351	-33,392	21,196	125,946
2005	43	41,200	12,047	-32,574	20,673	146,619
2006	44	40,180	11,749	-31,767	20,162	166,781
2007	45	38,448	11,243	-30,396	19,295	186,076
2008	46	36,569	10,693	-28,912	18,350	204,426
2009	47	35,644	10,423	-28,180	17,887	222,313
2010	48	34,733	10,156	-27,460	17,429	239,742
2011	49	33,837	9,893	-26,752	16,978	256,720
2012	50	32,950	9,635	-26,051	16,534	273,254
2013	51	32,070	9,378	-25,355	16,093	289,347
2014	52	31,201	9,123	-24,668	15,656	305,003
2015	53	30,339	8,871	-23,986	15,224	320,227
2016	54	29,485	8,622	-23,311	14,796	335,023
2017	55	25,666	7,504	-20,291	12,879	347,902
2018	56	21,248	6,213	-16,799	10,662	358,564
2019	57	20,607	6,026	-16,292	10,341	368,905
2020	58	19,972	5,840	-15,790	10,022	378,927
2021	59	19,338	5,655	-15,289	9,704	388,631
2022	60	18,704	5,469	-14,787	9,386	398,017
2023	61	18,074	5,285	-14,289	9,070	407,087
2024	62	17,446	5,101	-13,793	8,754	415,841
2025	63	16,826	4,920	-13,303	8,443	424,284
2026	64	16,205	4,739	-12,812	8,132	432,416
2027	65	10,413	3,044	-8,232	5,225	437,641
2028	66	3,615	1,057	-2,858	1,814	439,455
2029	67	3,469	1,014	-2,743	1,740	441,195
2030	68	3,328	973	-2,631	1,670	442,865
2031	69	3,188	932	-2,520	1,600	444,465
2032	70	3,050	892	-2,411	1,531	445,996
2033	71	2,914	852	-2,304	1,462	447,458
2034	72	2,783	814	-2,200	1,397	448,855
2035	73	2,656	777	-2,100	1,333	450,188
2036	74	2,530	740	-2,000	1,270	451,458
2037	75	2,407	704	-1,903	1,208	452,666
2038	76	1,311	383	-1,037	657	\$453,323
C. WALLACE		\$903,392	\$264,156	-\$714,225	\$453,323	

TABLE 37

SUMMARY OF THE PRESENT VALUE OF
LOST EARNING CAPACITY
IN THE CASE OF CHRISTOPHER WALLACE
1999 - 2038

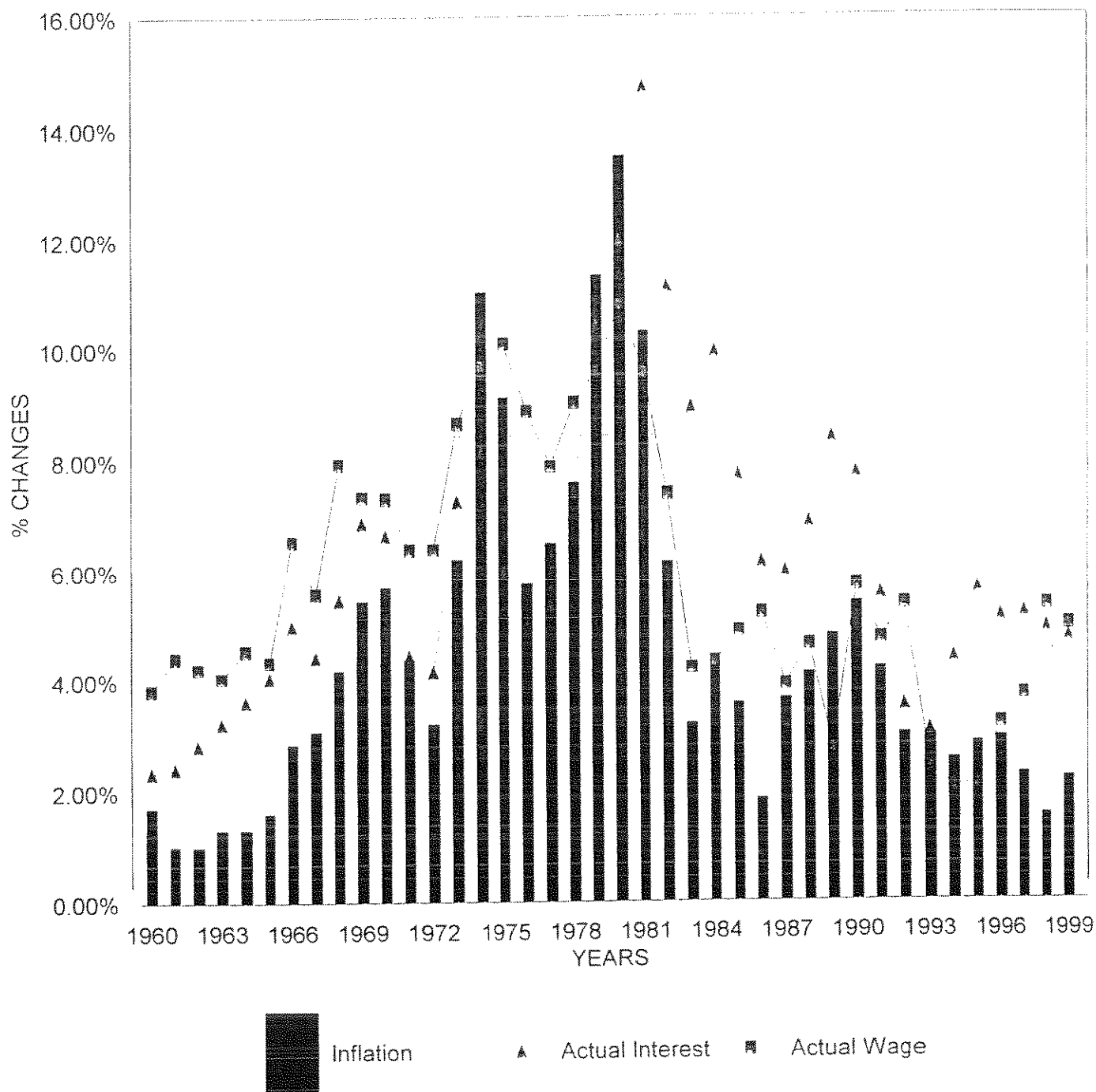
WITH CONTINUOUS EMPLOYMENT	\$1,831,925
<u>LESS</u> PERSONAL MAINTENANCE	<u>233,217</u>
NET LOSS	\$1,598,708
WITH CONTINUOUS EMPLOYMENT	\$1,831,925
<u>LESS</u> PERSONAL CONSUMPTION	<u>1,137,369</u>
NET LOSS	\$ 694,556
WITH WORK-LIFE ADJUSTMENTS	\$1,167,548
<u>LESS</u> PERSONAL MAINTENANCE	<u>146,588</u>
NET LOSS	\$1,020,960
WITH WORK-LIFE ADJUSTMENTS	\$1,167,548
<u>LESS</u> PERSONAL CONSUMPTION	<u>714,225</u>
NET LOSS	\$ 453,323

REAL WAGE AND REAL INTEREST RATES 1960-1999



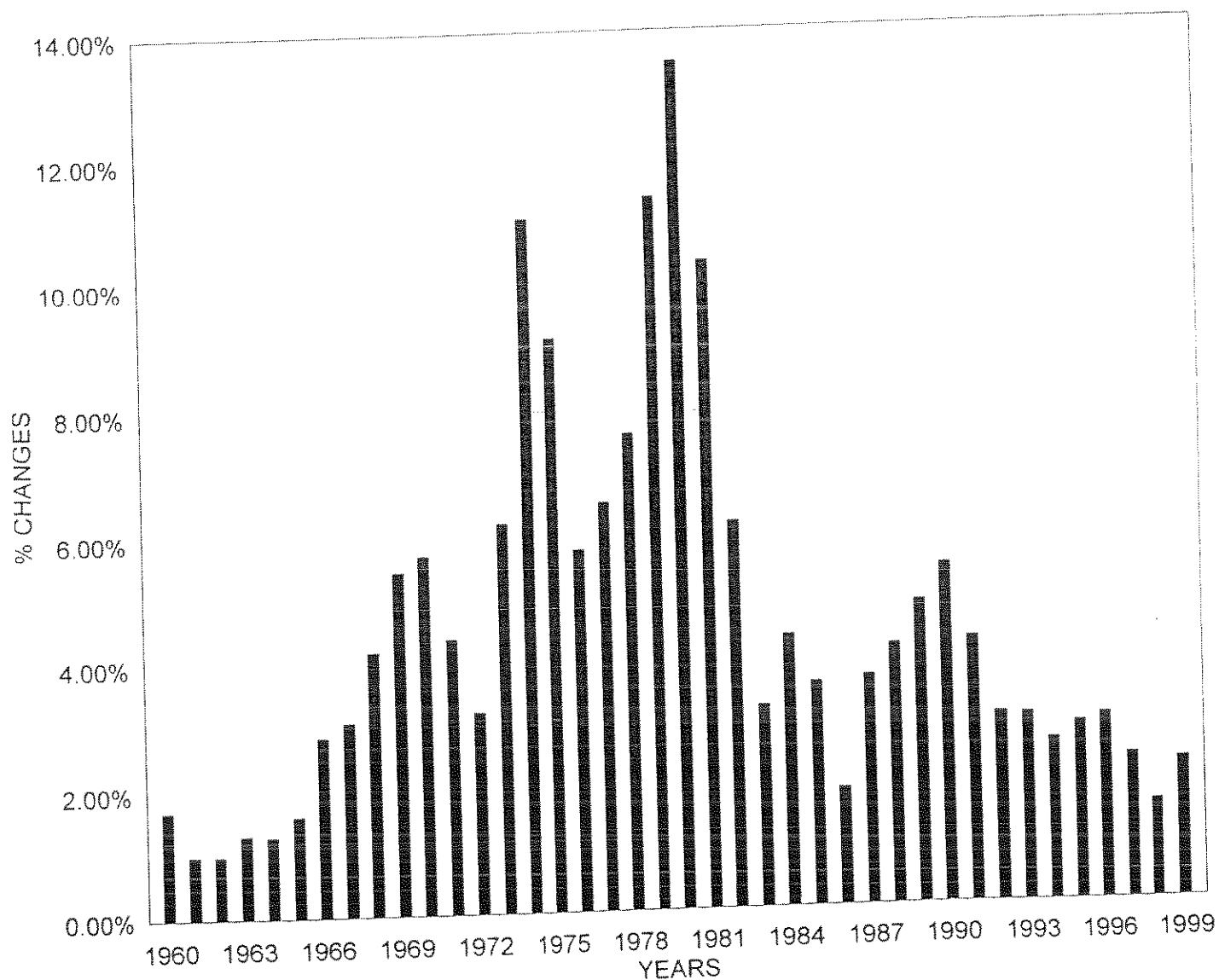
■ Real Wage ▲ Real Interest

WAGE, INTEREST, AND INFLATION RATES 1960-1999



ANNUAL RATE OF PRICE INFLATION

1960-1999



Inflation

CALCULATION OF TREND RATES OF REAL WAGE GROWTH,
REAL INTEREST (DISCOUNT) RATES,
AND THE NET DISCOUNT RATE

YEAR	WAGE ¹		INTEREST/DISCOUNT ²		CPI ³		REAL WAGE CHANGE	REAL INTEREST CHANGE
	INDEX	PERCENT INCREASE	INDEX	RATE	INDEX	PERCENT INCREASE		
1979	49.00		1.0000		72.60			
1980	54.30	10.82	1.1205	12.05	82.40	13.50	2.68	-1.45
1981	59.50	9.58	1.2858	14.75	90.90	10.32	10.74	4.43
1982	63.90	7.39	1.4290	11.14	96.50	6.16	1.23	4.98
1983	66.60	4.23	1.5568	8.94	99.60	3.21	1.02	5.73
1984	69.50	4.35	1.7121	9.98	103.90	4.32	0.03	5.66
1985	72.90	4.89	1.8445	7.73	107.60	3.56	1.33	4.17
1986	76.70	5.21	1.9581	6.16	109.60	1.86	3.35	4.30
1987	79.70	3.91	2.0754	5.99	113.60	3.65	0.56	2.34
1988	83.40	4.64	2.2190	6.92	118.30	4.14	0.99	2.78
1989	85.70	2.76	2.4056	8.41	124.00	4.82	5.06	3.59
1990	90.60	5.72	2.5923	7.76	130.70	5.40	0.32	2.36
1991	94.00	4.75	2.7367	5.57	136.20	4.21	0.51	1.36
1992	100.00	5.37	2.8336	3.54	140.30	3.01	1.36	0.53
1993	102.40	2.40	2.9211	3.09	144.50	2.99	3.59	0.10
1994	104.50	2.05	3.0497	4.40	148.20	2.56	0.51	1.84
1995	106.70	2.11	3.2226	5.67	152.40	2.83	0.32	2.84
1996	110.10	3.19	3.3892	5.17	156.90	2.95	0.34	2.22
1997	114.20	3.72	3.5661	5.22	160.50	2.29	1.13	2.93
1998	120.30	5.34	3.7426	4.95	163.00	1.56	3.78	3.39
1999	126.30	4.99	3.9215	4.78	166.60	2.21	2.73	2.57
AVERAGE		4.85		7.07		4.24	0.61	2.83

Net Discount Rate: 2.22%/Year
If real wage growth is zero, the
Net Discount Rate becomes 2.83%/Year

Update of 2/17/2000.

¹Wage Hourly Compensation: Industry Analytical Ratios for the Business Sector--All Persons.
Bureau of Labor Statistics, February 8, 2000.

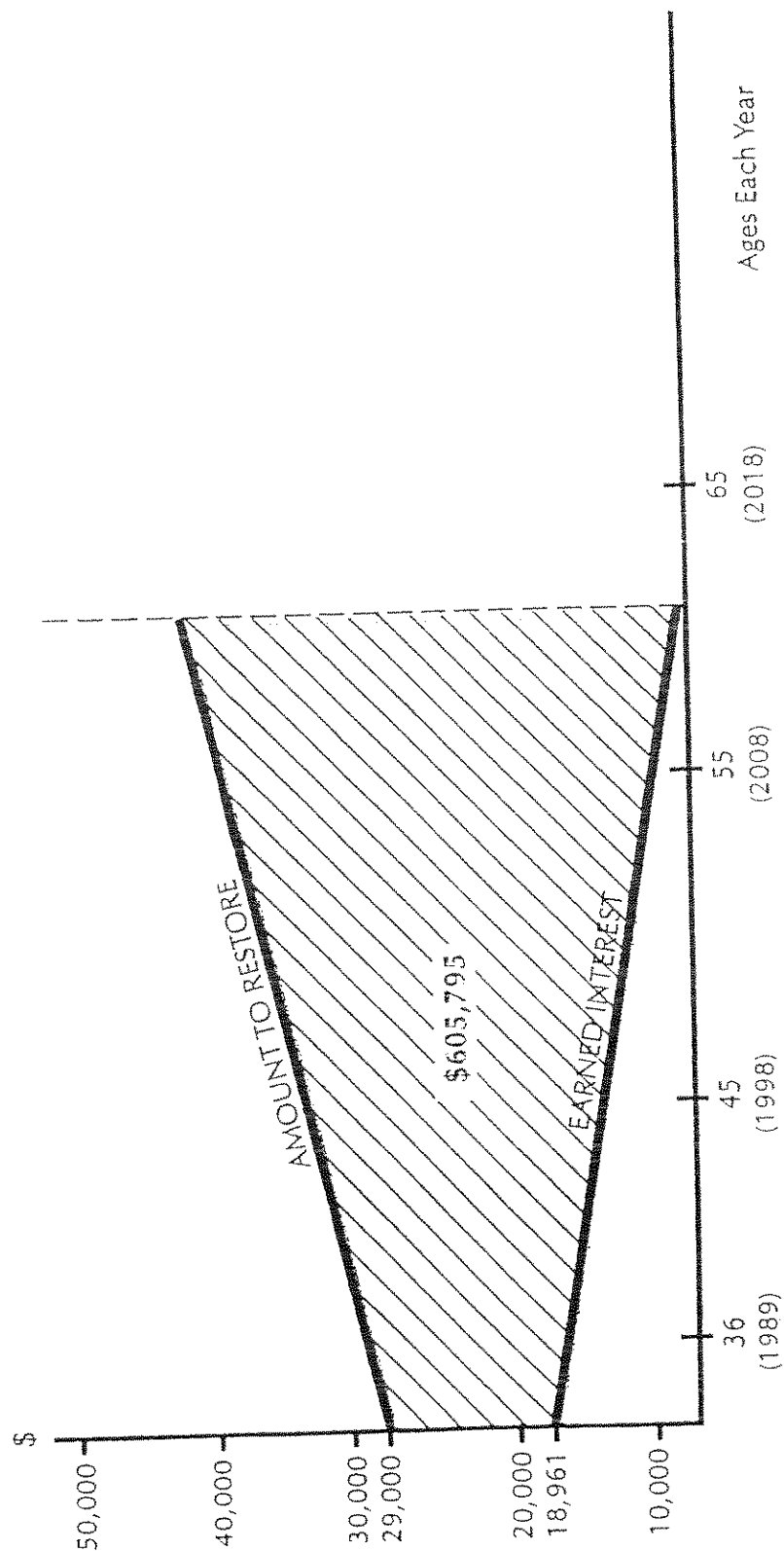
²Interest (Discount) Rates: Bond Yields and Interest Rates, 1929-99, Economic Report of the President, 2000, pg. 390.

³CPI: Consumer Price Index, All Urban Consumers (CPI-U), Bureau of Labor Statistics.

APPENDIX V

Illustration from Brookshire 1990 Book* of
 Chart to be Prepared for Trial, Explaining
 How Lump Sum (Present Value) Losses, and all
 Earned Interest, are Exhausted in Restoring
 Annual, Economic Losses

CHART 2
 ILLUSTRATION OF HOW A \$605,795 LUMP SUM EXACTLY RESTORES ECONOMIC LOSS
 AND IS ENTIRELY USED UP IN THE PROCESS





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May 16, 2000

Edwin L. Hoseus, Jr., Esquire
741 Milford Hills Drive
Milford, Ohio 45150-1446

Dear Mr. Hoseus:

Enclosed is supplemental Table 1 to our April 27, 2000 report. Also enclosed is another copy of our April 27 cover letter, which explains that at least some portion of this \$55,128 is an additional loss to the surviving children.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Michael L. Brookshire'.

Michael L. Brookshire, Ph.D.
Forensic Economist

A handwritten signature in cursive script, appearing to read 'George A. Barrett'.

George A. Barrett, M.B.A.
Forensic Economist

Enclosures

TABLE 1

PRESENT VALUE OF CHILD SUPPORT PAYMENTS
1999 - 2006

YEAR ****	AGE ***	CHILD SUPPORT *****	DISCOUNT FACTOR *****	PRESENT VALUE *****	CUMULATIVE *****
1999	37	\$6,067	1.00000	\$6,067	\$6,067
2000	38	9,424	1.00000	9,424	15,491
2001	39	9,424	0.97248	9,165	24,656
2002	40	9,424	0.94572	8,912	33,568
2003	41	9,424	0.91969	8,667	42,235
2004	42	5,688	0.89438	5,087	47,322
2005	43	4,550	0.86976	3,957	51,279
2006	44	4,550	0.84583	3,849	\$55,128

C. WALLACE

\$55,128



Michael L. Brookshire & Associates

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April 27, 2000

Edwin L. Hoseus, Jr., Esquire
741 Milford Hills Drive
Milford, OH 45150-1446

RE: CHRISTOPHER WALLACE

Dear Mr. Hoseus:

Enclosed is our written report of net lost earning capacity in the Christopher Wallace case. We will be sending a separate, letter report calculating the value of his child support payments. Because this value cannot be linked with the consumption deductions in a scientific way that prevents overlaps, we report this separately. Some or most of this value should be added to the enclosed, economic loss values.

Please call us if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Michael L. Brookshire'.

Michael L. Brookshire, Ph.D.
Forensic Economist

A handwritten signature in cursive script, appearing to read 'George A. Barrett'.

George A. Barrett, MBA
Forensic Economist

MLB/gf